

CITY OF TORRANCE
Torrance, California

Single Audit Report on Expenditures of Federal Awards

Year Ended June 30, 2011

CITY OF TORRANCE, CALIFORNIA

Single Audit Report on Expenditures of Federal Awards

Year Ended June 30, 2011

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The Honorable Members of the City Council
City of Torrance, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Torrance's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

We have audited the financial statements of the City of Torrance ("City"), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting. Management of the City is responsible for establishing and maintaining effective internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

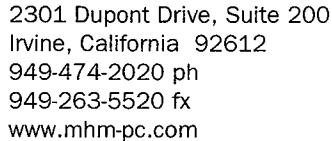
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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City of Torrance City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLane A.C.

Irvine, California
December 9, 2011



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City of Torrance, California
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major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purposes of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City of Torrance as of and for the year ended June 30, 2011, and have issued our report thereon dated December 9, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City of Torrance City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Margaret Hoffman McCann P.C.

Irvine, California
January 30, 2012 (except for the Schedule of Expenditures of Federal Awards, as to which the date is December 9, 2011)

CITY OF TORRANCE, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grant name	Pass-through	Federal CFDA number	DUNS	Federal grant number or pass-through grantor's number	Authorized grant amount	State matching and other revenue	Total	Accrued (deferred) grant revenue, June 30, 2010	Drawdowns	Expenditures	Accrued (deferred) grant revenue, June 30, 2011
Department of Justice											
Edward Byrne Memorial Law Enforc. Assistance		16.738	06-667-4169	2008-DJ-BX-0257	\$ 11,078	\$ -	\$ 11,078	\$ 11,078	\$ 11,078	\$ -	\$ -
Edward Byrne Memorial Law Enforc. Assistance		16.808	06-667-4169	2009-SC-B9-0054	351,425	-	351,425	1,704	124,452	111,294	(11,454)
Edward Byrne Memorial Law Enforc. Assistance (ARRA)		16.804	06-667-4169	2009-SB-B9-2024	145,409	-	145,409	(57,688)	-	57,688	-
Edward Byrne Memorial Law Enforc. Assistance		16.738	06-667-4169	2010-DJ-BX-0496	36,416	-	36,416	-	-	3,517	3,517
Edward Byrne Memorial Law Enforc. Assistance (ARRA)		16.804	06-667-4169	2009-DJ-BX-0471	36,942	-	36,942	-	33,248	35,365	2,117
Edward Byrne Memorial Law Enforc. Assistance (ARRA)		16.809	06-667-4169	2010-SS-B9-0094	60,493	-	60,493	-	37,076	56,676	19,600
Asset Forfeiture Program		16.000	06-667-4169	N/A	-	-	-	(1,285,936)	157,387	122,177	(1,321,146)
Total Department of Justice											
					641,763	-	641,763	(1,330,842)	363,241	386,717	(1,307,366)
Department of the Treasury											
Asset Forfeiture		21.000	06-667-4169	N/A	-	-	-	(518,998)	9,614	4,194	(524,418)
Total Department of the Treasury											
					-	-	-	(518,998)	9,614	4,194	(524,418)
Department of Homeland Security											
Asset Forfeiture Program		97.000	06-667-4169	N/A	-	-	-	(424,178)	536,427	-	(960,605)
2008 Urban Areas Security Initiative		97.008	06-667-4169	2008-0006	817,321	-	817,321	303,448	310,711	7,263	-
					817,321	-	817,321	303,448	310,711	7,263	-
Buffer Zone Protection Program (BZPP)		97.078	06-667-4169	2007-BZ-T7-0006	177,198	-	177,198	177,198	177,198	-	-
2007 Homeland Security Grant Program		97.073	06-667-4169	2008-073	25,011	-	25,011	25,011	25,011	-	-
2009 Homeland Security Grant Program		97.068	06-667-4169	2009-019	24,803	-	24,803	-	-	4,985	4,985
					49,814	-	49,814	25,011	25,011	4,985	4,985
Total Department of Homeland Security											
					1,044,333	-	1,044,333	81,479	1,049,347	12,248	(955,620)
Department of Transportation											
Intermodal Surface Trans. Efficiency Act	* CALTRANS (T-30)	20.205	06-667-4169	MOU/LOA.POOO431S	7,000,000	4,000,000	11,000,000	-	104,155	30,727	(73,428)
Intermodal Surface Trans. Efficiency Act (ARRA)	* CALTRANS (T-30)	20.205	06-667-4169	MOU/LOA.POOO431S	3,125,678	-	3,125,678	1,474	1,859,741	1,737,500	(120,767)
Intermodal Surface Trans. Efficiency Act	* CALTRANS (T-43/44)	20.205	06-667-4169	07-932953	2,339,142	302,925	2,642,067	-	(10)	(10)	-
Intermodal Surface Trans. Efficiency Act (ARRA)	* CALTRANS(T-51)	20.205	06-667-4169	07-933325	1,229,322	-	1,229,322	-	(23,233)	24,468	47,701
Intermodal Surface Trans. Efficiency Act	* CALTRANS (T-51)	20.205	06-667-4169	07-933325	719,920	-	719,920	233,060	402,085	204,799	35,774
					14,414,062	4,302,925	18,716,987	234,534	2,342,738	1,997,484	(110,720)

* Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards

CITY OF TORRANCE, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Grant name	Pass-through	Federal CFDA number	DUNS	Federal grant number or pass-through grantor's number	Authorized grant amount	State matching and other revenue	Total	Accrued (deferred) grant revenue, June 30, 2010	Drawdowns	Expenditures	Accrued (deferred) grant revenue, June 30, 2011
Department of Transportation											
Federal Transit Administration	*	20.507	13-619-0357	CA-90-X887	2,047,279	786,820	2,834,099	13,768	57,422	43,654	-
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y105	6,058,000	1,343,581	7,401,581	-	1,307	9,559	8,252
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y186	3,917,000	894,250	4,811,250	45,599	45,599	-	-
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y263	3,007,597	751,898	3,759,495	43,880	43,880	-	-
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y318	2,766,000	666,500	3,432,500	16,463	56,257	39,794	-
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y394	2,749,014	687,253	3,436,267	-	15,640	15,640	-
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y518	2,423,000	605,750	3,028,750	34,670	48,506	13,836	-
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y643	2,865,104	635,011	3,500,115	54,012	90,514	92,785	56,283
Federal Transit Administration (ARRA)	*	20.507	13-619-0357	CA-90-Y715	5,419,000	1,303,000	6,722,000	23,545	23,545	-	-
Federal Transit Administration	*	20.507	13-619-0357	CA-96-X026	4,522,269	-	4,522,269	381,977	381,977	-	-
Federal Transit Administration	*	20.500	13-619-0357	CA-04-0063	1,568,992	174,332	1,743,324	139,977	192,348	61,600	9,229
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y816	3,795,768	671,752	4,467,520	1,800,000	1,800,000	-	-
Federal Transit Administration	*	20.507	13-619-0357	CA-90-Y816-01	2,200,000	550,000	2,750,000	-	1,800,000	-	-
					43,339,023	9,070,147	52,409,170	2,553,891	2,756,995	2,076,868	1,800,000
Total Department of Transportation					57,753,085	13,373,072	71,126,157	2,788,425	5,099,733	4,074,352	1,763,044
Department of Housing and Urban Development											
Section 8 Housing Choice Vouchers											
	14.871		13-433-6679	CA-121	6,547,724	-	6,547,724	(949,642)	6,547,724	6,489,365	(1,008,001)
Total Department of Housing and Urban Development					6,547,724	-	6,547,724	(949,642)	6,547,724	6,489,365	(1,008,001)
					65,986,905	13,373,072	79,359,977	70,422	13,069,659	10,966,876	(2,032,361)

* Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards

CITY OF TORRANCE, CALIFORNIA

Notes to the Schedule of Expenditures and Federal Awards

Year Ended June 30, 2011

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of Torrance, California ("City"). For the purposes of this schedule, federal awards include both federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with or are within the amounts reported in the related federal financial reports.

(d) Relationship to Basic Financial Statements

Activities relating to all federal financial assistance programs are included in the City's basic financial statements as Special Revenue Funds.

(e) Subrecipients

The City of Torrance did not incur expenditures that were paid to subrecipients in the fiscal year ended June 30, 2011.

CITY OF TORRANCE, CALIFORNIA

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

(A) Summary of Auditors' Results

- (1) An unqualified report was issued by the auditors on the financial statements of the auditee.
- (2) There were no material weaknesses in internal control over financial reporting identified in internal controls as a result of the audit of the financial statements.
- (3) The audit disclosed no noncompliance which is material to the financial statements of the auditee.
- (4) There were no material weaknesses in internal control over the major programs of the auditee.
- (5) An unqualified report was issued by the auditors on compliance for major programs.
- (6) The audit disclosed no audit findings which the auditor is required to report under paragraph .510(a) of OMB Circular A-133.
- (7) The major programs of the auditee were as follows:
 - U.S. Department of Transportation:
Federal Transit Administration Cluster- CFDA 20.500 and 20.507
 - U.S Department of Transportation:
Passed through the California Department of Transportation:
Highway Planning and Construction- CFDA 20.205
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$329,006.
- (9) The auditee met the criteria for a low-risk auditee under Section 530 of OMB Circular A-133 for the year ended June 30, 2011 for purposes of major program determination.

(B) Findings Relating to the Basic Financial Statements Reported in Accordance with Government Auditing Standards:

There are no auditors' findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs Relating to Federal Awards

There are no auditors' findings required to be reported in accordance with paragraph .510(a) of OMB Circular A-133.

CITY OF TORRANCE, CALIFORNIA
Summary Schedule of Prior Audit Findings
Year ended June 30, 2011

All findings relating to fiscal year ended June 30, 2010 have been satisfactorily resolved.